

## Message Text

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ACTION EUR-12

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R 161616Z MAR 77  
FM AMCONSUL PONTA DELGADA  
TO SECSTATE WASHDC 1640  
INFO AMEMBASSY LISBON  
COMUSFORAZ

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E.O. 11652: N/A  
TAGS: PINT, SOCI, PO  
SUBJ: REGIONAL DECREE EXEMPTING FOREIGNERS FROM RENT CONTROL

REF: A. LISBON 1695 (DTG: 031619 MAR 77)  
B. LISBON 2058 (DTG: 151437Z MAR 77) (NOTAL)

1. THE DECREE PASSED IN THE REGIONAL ASSEMBLY, WHICH EXEMPTS PROPERTY RENTED TO FOREIGNERS IN THE AZORES FROM THE RENT CONTROL ESTABLISHED IN PORTUGAL SHORTLY AFTER APRIL 25, 1974, WENT INTO EFFECT WHEN IT WAS RECENTLY PUBLISHED IN THE OFFICIAL GOP JOURNAL, AND REQUIRES NO IMPLEMENTATION BY THE REGIONAL GOVERNMENT. THE DECREE, WHICH IS AIMED AT THE PROPERTY RENTED TO AMERICANS STATIONED AT LAJES, WAS INTRODUCED IN THE REGIONAL ASSEMBLY BY THE DEPUTIES FROM THE TOWNS WHERE THE AMERICANS RESIDE AND WAS PASSED WITHOUT THE SUPPORT OF THE REGIONAL GOVERNMENT, A CLEAR EXAMPLE OF LOCAL INTERESTS AT WORK. BOTH REGIONAL PRESIDENT, MOTA AMARAL, AND REGIONAL ASSEMBLY PRESIDENT, MONJARDINO, ARE CONVINCED THE DECREE IS AN ISOLATED INCIDENT AND DOES NOT REPRESENT ANY ANTI-AMERICAN OR ANTI-BASE FEELING. THEY FORESEE NO FURTHER MEASURES WHICH WOULD DISCRIMINATE AGAINST FOREIGNERS. THEY ALSO BELIEVE THAT AMERICANS HAVE NO CAUSE FOR COMPLAINT WHEN RENT INCREASES

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CORRESPOND TO THE ESCUDO DEVALUATION (SINCE RENT CONTROL WAS ESTABLISHED THE ESCUDO HAS FALLEN FROM 25.5 TO THE DOLLAR TO 38.7).

2. ABOUT 550 FAMILIES STATIONED AT LAJES RENTING HOUSES OR APARTMENTS OFF BASE ARE SUBJECT TO POSSIBLE RENT INCREASE (THE RENT ON THE CONSULATE OFFICE SPACE AND RESIDENCES WAS

ALSO DECONTROLLED). IT IS NOT CLEAR WHETHER OR NOT THE LANDLORD MUST WAIT UNTIL THE PRESENT LEASE EXPIRES OR A NEW TENANT APPEARS BEFORE RAISING THE RENT. IN ANY CASE THE TENANT MAY TAKE THE CASE TO COURT IF HE OBJECTS TO THE PROPOSED INCREASE. ALREADY SEVERAL LANDLORDS HAVE REQUESTED LARGE RENT HIKES, IN ONE CASE, DOUBLE THE PREVIOUS RENT. MONJARDINO REPORTED, HOWEVER, THAT MANY LANDLORDS AROUND LAJES ARE PLANNING TO FORM A COMMITTEE TO DISCUSS RENTS WITH BASE AUTHORITIES AND HE WAS SURE THAT A REASONABLE SOLUTION COULD BE FOUND.

3. COMMENT: THE RATIONALE BEHIND THE DECREE IS THAT AMERICANS AND OTHER FOREIGNERS SHOULD NOT BENEFIT FROM A LAW INTENDED TO PROTECT THE POORER CLASSES IN PORTUGAL, BUT SHOULD PAY THE MARKET PRICE FOR THEIR HOUSING. THERE IS A HOUSING SHORTAGE IN THE AZORES AND NEW UNITS OFFERED FOR RENT HAVE BEEN GOING FOR CONSIDERABLY MORE THAN THE RENT ON SIMILAR UNITS SUBJECT TO THE FREEZE. THE DECREE IS DISCRIMINATORY AND IS THE FIRST INCIDENCE OF THE REGIONAL ASSEMBLY RESPONDING TO THE REQUEST OF A SPECIAL INTEREST GROUP, BUT APPARENTLY NO ONE EITHER IN THE REGIONAL GOVERNMENT OR IN LISBON WISHES TO INTERFERE WITH AN ACT OF REGIONAL LEGISLATURE. THERE IS REASON TO HOPE, HOWEVER, THAT THE FORMATION OF A LANDLORDS COMMITTEE WILLING TO DISCUSS RENTS WITH BASE OFFICIALS WOULD KEEP THE RENT INCREASES AND TENANT OBJECTIONS FROM GETTING OUT OF HAND. PFEIFLE

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## Message Attributes

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**Concepts:** LAW, CONSTITUTIONAL CONVENTION, RENT CONTROLS  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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